

**CITY OF JAMAICA BEACH, TEXAS**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2019**

**CITY OF JAMAICA BEACH, TEXAS  
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FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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Katherine Overbeck Maxwell, PLLC  
Certified Public Accountant

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### **INDEPENDENT AUDITOR'S REPORT**

**Honorable City Council**  
City of Jamaica Beach, Texas

We have audited the accompanying financial statements of the governmental activities and the business-type activities of the City of Jamaica Beach, Texas as of and for the year ended September 30, 2019 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimated made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

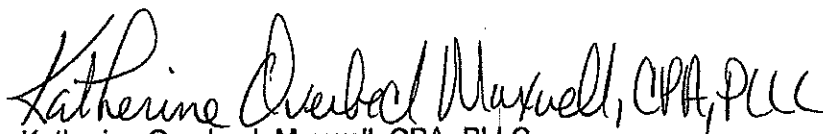
### **Opinions**

In our opinion, financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and business-type activities of the City of Jamaica Beach, Texas as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurances.



Katherine Overbeck Maxwell, CPA, PLLC

Galveston, Texas

February 28, 2020

**Management Discussion and Analysis**  
**(Unaudited)**  
**Year Ended September 30, 2019**

Within this section of the City of Jamaica Beach (City) annual financial report, the City's management provides narrative discussion and analysis of the financial activities of the City for the fiscal year ended September 30, 2019. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. Additional and more detailed information is available in the following financial statements and notes to the financial statements. The discussion focuses on the City's primary governmental funds and proprietary-type fund. The City does not have component units or fiduciary funds.

**Basic Financial Statements**

In general, the purpose of financial statements is to provide external parties that read financial statements with information that will help them to make decisions or draw conclusions about an entity. There are many external parties that read the City of Jamaica Beach's financial statements; however, these parties do not always have the same specific objectives. In order to address the needs of as many parties as reasonably possible, the City, in accordance with required reporting standards, presents (1) government-wide financial statements and (2) fund financial statements.

*Government-Wide Financial Statements*

The focus of government-wide financial statements is on the overall financial position of the City of Jamaica Beach. These financial statements are constructed around the concept of a primary government, the City, and enterprise funds. The City has no component units or fiduciary funds.

The City's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The statement of net position presents information on all of the City's assets, and deferred outflows of resources and liabilities and deferred inflows of resources with the differences reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

## **Basic Financial Statements (Continued)**

### *Government-Wide Financial Statements (Continued)*

The statement of activities presents information showing how the City's net position changed during the year. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the City. Thus, revenues are reported even when they may not be collected for several months after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

Although the statement of activities looks different from commercial enterprise's income statement, the financial statement is different only in format, not substance. Whereas, the bottom line in a commercial enterprise is its net income, the City reports an amount described as *change in net position*, essentially the same thing.

The focus of the statement of activities is on the *net costs* of various activities provided by the City. The statement begins with a column that identifies the cost of each of the City's major functions. Another column identifies the revenues that are specifically related to the classified governmental functions. The difference between the expenses and revenues related to specific program/activities computes the net cost or benefit of the program/activity, which identifies the extent to which each function of the City draws from general revenues or is self-financing through fees, intergovernmental aid, and other sources of resources.

The City's government-wide financial statements are divided into governmental activities and business-type activities. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange revenues, while business-type activities are financed to some degree by charging external parties for the goods or services they acquire from the City. Governmental activities include programs/activities such as general government, public safety, streets, and health and welfare. Business type activities generally include the provision of water and sewer services. The City's government-wide financial statements are presented on pages 9 through 10 and reconciliation between entity-wide and fund basis is on page 12.

### *Fund Financial Statements*

Unlike government-wide financial statements, the focus of fund financial statements are directed to specific activities of the City rather than the City as a whole. Except for the general fund, a specific fund is established to satisfy managerial control over resources

## **Basic Financial Statements (Continued)**

### *Fund Financial Statements (Continued)*

or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations. The City's fund financial statements are divided into two broad categories, namely (1) governmental funds and (2) proprietary or enterprise funds.

**Governmental Funds** – Governmental fund financial statements consist of a balance sheet and statement of revenue, expenditures, and change in fund balance and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and for the most part, measure and account for cash and other assets that can easily be converted to cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land, buildings and other fixed assets. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The fund balance generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the year.

For the most part, the balances and activities accounted for in governmental funds are also reported in the governmental activities columns of the government-wide financial statements; however, because different accounting bases are used to prepare fund financial statements and government-wide financial statements, there are often significant differences between the totals presented in these financial statements. For this reason, there is an analysis at the bottom of the balance sheet that reconciles the total fund balances to the amount of net assets presented in the governmental activities column on the statement of net assets. Also, there is an analysis at the bottom of the statement of revenues, expenditures, and changes in fund balances that reconciles the total change in fund balances for all governmental funds to the change in net assets reported in the governmental activities' column in the statement of activities.

The City presents in separate columns funds that are most significant to the City.

The City's governmental fund financial statements are presented on pages 11 to 15.

**Proprietary Funds** – Proprietary fund financial statements consist of a statement of net assets, statement of revenues, expenses and changes in fund net assets and statement of cash flows, and are prepared on an accounting basis that is similar to the basis used to prepare the Government-wide financial statements. The City has one proprietary fund, which consists of providing water and sewer services to residents of the City.

The City uses enterprise funds to account for business-type activities that charge fees to customers for the use of specific goods or services. For the most part, balances in the

### Proprietary Funds (Continued)

activity accounted for in the City's enterprise fund are also reported in the business-type activities column of the government-wide financial statements. No reconciliation between fund financial statements and government-wide financial statements is required.

The City's proprietary fund balance sheet is presented on page 16 and the revenue expenses and cash flows are presented on pages 17 to 19.

### Summary of Financial Position and Operations

The City's overall financial position and operations for the past year are summarized as follows based on the information included in the government-wide financial statements (see pages 9 to 10).

Financial Position	Governmental Activities	Business Type Activities	Total
Current and Other Assets	\$ 5,681,307.24	\$ 3,304,319.25	\$ 8,985,626.49
Capital Assets	<u>3,343,367.52</u>	<u>3,269,900.11</u>	<u>6,613,267.63</u>
Total Assets	<u>9,024,674.76</u>	<u>6,574,219.36</u>	<u>15,598,894.12</u>
Current Liabilities	179,842.31	347,800.97	527,643.28
Non-Current Liabilities	<u>21,341.25</u>	<u>-</u>	<u>21,341.25</u>
Total Liabilities	<u>201,183.56</u>	<u>347,800.97</u>	<u>548,984.53</u>
Net Position			
Invested in Capital Assets			
Net of Related Debt	3,343,367.52	3,269,900.11	6,613,267.63
Restricted	195,034.65	-	195,034.65
Unrestricted	<u>5,285,089.03</u>	<u>2,956,518.28</u>	<u>8,241,607.31</u>
Total Net Position	\$ <u>8,823,491.20</u>	\$ <u>6,226,418.39</u>	\$ <u>15,049,909.59</u>

The total net position of the City increased by \$334,073.59 during the year. This is as a result of an increase of \$270,760.09 in governmental activities and an increase of \$63,313.50 related to business type activities. A police vehicle, boat and a utility terrain vehicle (UTV) with a total cost of \$34,895.00 and a net book value of \$15,128.17 were sold for a net amount of \$29,254.88 during the year. Furthermore, assets totaling \$129,514.37 were purchased in fiscal year 2019.



## Summary of Financial Position and Operations (Continued)

Following is a summary of the entity-wide operations for the year ended September 30, 2019.

<b>Operations</b>	<b>Governmental Governmental Activities</b>	<b>Business Type Business Type Activities</b>	<b>Total</b>
<b>Revenues</b>			
Program Revenues:			
Charges for Services	\$ 501,996.40	\$ 1,154,099.31	\$ 1,656,095.71
General Revenue:			
Property Taxes	779,636.20	-	779,636.20
Franchise Taxes	111,697.26	-	111,697.26
Other Taxes	554,812.56	-	554,812.56
Investment Income	8,302.53	4,655.58	12,958.11
<b>Total Revenue</b>	<b>1,956,444.95</b>	<b>1,158,754.89</b>	<b>3,115,199.84</b>
Program Expenses:			
Administrative	629,196.72	-	629,196.72
Roads, Beaches and Canals	79,113.86	-	79,113.86
Public Safety	555,230.16	-	555,230.16
Garbage	170,688.92	-	170,688.92
Depreciation	217,421.27	-	217,421.27
Hotel/Motel	34,033.93	-	34,033.93
Utilities	-	1,095,441.39	1,095,441.39
Other	-	-	-
<b>Total Expenses</b>	<b>1,685,684.86</b>	<b>1,095,441.39</b>	<b>2,781,126.25</b>
<b>Increase (Decrease) in Net Assets</b>	<b>\$ 270,760.09</b>	<b>\$ 63,313.50</b>	<b>\$ 334,073.59</b>

The City of Jamaica Beach had an overall decrease in gross revenue of \$174,410.47. Governmental type funds revenue decreased \$121,037.48 while the business type funds decreased \$53,372.99.

## General Fund Budgetary Highlights

For the fiscal year ended September 30, 2019 the Council budgeted anticipated revenues of \$1,305,168.00. Actual revenues amounted to \$1,706,017.22 an increase of \$400,849.22. Budgeted expenses amounted to \$1,320,168.00, reflecting a budgeted deficit of \$15,000.00. Total actual expenses charged against budgeted amounts were \$1,269,655.24. During the year, the City had non-budgeted revenue of \$250,427.73 and non-budgeted expenditures of \$314,123.49, or a net decrease of \$63,695.76. The statement of revenues expenditures and comparison to budget are reported on page 15.

## **Capital Assets and Debt Administration**

### *Investment in Capital Assets:*

The City's investment in capital assets, net of accumulated depreciation, for governmental and business type activities as of September 30, 2019, was \$3,343,367.52 and \$3,269,900.11, respectively. Some capital asset additions and dispositions were made during the current fiscal year. Note 4a and b provide additional information on capital assets and depreciation for the governmental-type funds and business-type funds, respectively.

### *Long-term Debt:*

At the end of the fiscal year, the City had no outstanding bonded debt. This debt was extinguished during the year ended September 30, 2012. During the current year no additional bonds were issued.

### **Hurricane Ike**

On September 13, 2008 the City was struck by Hurricane Ike causing flooding and wind damage to homes and businesses. FEMA generally refunds 90% of the cost of repairs and 100% of debris removal. The City currently has one outstanding project i.e., the PW 9523 project which was granted an extension through September 13, 2020. The City reflects an amount of \$104,241.00 as unexpended funds for this project which has not been completed.

### **Contacting the City's Financial Management**

This financial report is designated to provide a general overview of the City's finances, comply with finance-related laws, regulations and bond covenants, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City's administrator at 16628 San Luis Pass Road, 5264 Jamaica Beach, TX 77554-0264.

## FINANCIAL SECTION

## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**City of Jamaica Beach, Texas**  
**Statement of Net Position**  
**September 30, 2019**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,793,298.80	\$ 2,703,080.34	\$ 6,496,379.14
Short-Term Investments	1,491,877.90	693,147.82	2,185,025.72
Accounts Receivable, Net	118,988.56	169,092.49	288,081.05
Internal Balances	265,830.74	(265,830.74)	-
Accrued Interest	3,061.83	1,293.88	4,355.71
Prepaid Expenses	8,249.41	3,535.46	11,784.87
<b>Total current assets</b>	<b>5,681,307.24</b>	<b>3,304,319.25</b>	<b>8,985,626.49</b>
Capital Lease Asset, Note 11	101,551.54	-	101,551.54
Capital Assets not being Depreciated	264,460.13	35,763.00	300,223.13
Capital Assets Net of Depreciation	2,977,355.85	3,234,137.11	6,211,492.96
<b>Total non-current assets</b>	<b>3,343,367.52</b>	<b>3,269,900.11</b>	<b>6,613,267.63</b>
<b>Total Assets</b>	<b>9,024,674.76</b>	<b>6,574,219.36</b>	<b>15,598,894.12</b>
<b>LIABILITIES</b>			
Accounts Payable	47,385.53	187,150.97	234,536.50
Accrued Expenses	60,400.14	-	60,400.14
Pension Liability	59,854.42	-	59,854.42
Capital Lease Liability-current, Note 11	12,202.22	-	12,202.22
Security Deposits	-	160,650.00	160,650.00
<b>Total current liabilities</b>	<b>179,842.31</b>	<b>347,800.97</b>	<b>527,643.28</b>
Capital Lease Liability-non-current, Note 11	21,341.25	-	21,341.25
<b>Total Liabilities</b>	<b>201,183.56</b>	<b>347,800.97</b>	<b>548,984.53</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	3,343,367.52	3,269,900.11	6,613,267.63
Restricted For:			
Hotel/Motel Tax Fund	971,464.21	-	971,464.21
Encumbrances	139,651.14	-	139,651.14
Equipment Replacement	25,000.00	-	25,000.00
General Reserve	250,000.00	250,000.00	500,000.00
Tourism Related Activity			
For Parks Board	78,959.04	-	78,959.04
Beach Erosion Fund	116,075.61	-	116,075.61
Unassigned	3,898,973.68	2,706,518.28	6,605,491.96
<b>Total Net Position</b>	<b>\$ 8,823,491.20</b>	<b>\$ 6,226,418.39</b>	<b>\$ 15,049,909.59</b>

The Notes to the Financial Statements are an integral part of this statement.

**City of Jamaica Beach, Texas**  
**Statement of Activities**  
**For the Year Ended September 30, 2019**

Program Activities	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Governmental Activities	Business-type Activities	Total
Governmental Activities:					
General Government					
Administration	\$ 179,928.64	\$ -	\$ (179,928.64)	\$ -	\$ (179,928.64)
Tax Office	6,364.02	-	(6,364.02)	-	(6,364.02)
Roads, Beaches and Canals	79,113.86	-	(79,113.86)	-	(79,113.86)
Police Department	552,706.30	-	(552,706.30)	-	(552,706.30)
City Hall	29,931.44	-	(29,931.44)	-	(29,931.44)
Building Department	7,215.00	25,173.00	17,958.00	-	17,958.00
Corporation Court	33,537.91	59,605.66	26,067.75	-	26,067.75
Public Service Building EMS	1,261.93	-	(1,261.93)	-	(1,261.93)
Public Service Building VFD	1,261.93	-	(1,261.93)	-	(1,261.93)
Hotel/Motel Funds	34,033.93	-	(34,033.93)	-	(34,033.93)
Garbage Collection	170,688.92	172,934.11	2,245.19	-	2,245.19
Parks Board	6,947.02	2,400.00	(4,547.02)	-	(4,547.02)
Public Swimming Pool	73,288.08	25,898.00	(47,390.08)	-	(47,390.08)
Authorized In Minutes	-	-	-	-	-
Depreciation	217,421.27	-	(217,421.27)	-	(217,421.27)
Non-Budget Expenditures	291,984.61	215,985.63	(75,998.98)	-	(75,998.98)
Total Governmental Activities	1,685,684.86	501,996.40	(1,183,688.46)	-	(1,183,688.46)
Business-Type Activities					
Water and Sewer Operations	1,095,441.39	1,154,099.31	-	58,657.92	58,657.92
Total Government	\$ 2,781,126.25	\$ 1,656,095.71	\$ (1,183,688.46)	\$ 58,657.92	\$ (1,125,030.54)

**General Revenue:**

<b>Taxes:</b>		
Property Taxes	779,636.20	779,636.20
Franchise Tax	111,697.26	111,697.26
Sales Tax	109,942.23	109,942.23
Hotel/Motel Tax	410,428.23	410,428.23
Multiuse Fees/LEA Fees	34,442.10	34,442.10
Interest Income Unrestricted	8,302.53	12,958.11
<b>Total General Revenues</b>	<b>1,454,448.55</b>	<b>1,459,104.13</b>
<b>Change in Net Position</b>	<b>270,760.09</b>	<b>334,073.59</b>
<b>Net Position Beginning of Year</b>	<b>8,552,731.11</b>	<b>14,715,836.00</b>
<b>Net Position End of Year</b>	<b>\$ 8,823,491.20</b>	<b>\$ 15,049,909.59</b>

The Notes to the Financial Statements are an integral part of this statement.

## **FUND FINANCIAL STATEMENTS**



**City of Jamaica Beach, Texas**  
**Balance Sheet - Governmental Funds**  
**September 30, 2019**

	General Fund
<b>ASSETS</b>	
Cash in Bank - Checking	\$ 3,793,298.80
Short Term Investments (CDs)	1,491,877.90
Cash on Hand	-
Accounts Receivable - Taxes	14,747.56
Other Accounts Receivable	104,241.00
Due From Other Funds	265,830.74
Accrued Interest	3,061.83
Prepaid Expense	8,249.41
<b>Total Assets</b>	<b>\$ 5,681,307.24</b>
<b>LIABILITIES</b>	
Accounts Payable	\$ 47,385.53
Pension Liability	59,854.42
<b>Total Liabilities</b>	<b>107,239.95</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable Revenue - Property Taxes	14,747.56
<b>Total Deferred Inflows of Resources</b>	<b>14,747.56</b>
<b>Fund Balances:</b>	
Nonspendable:	
Prepaid Items	\$ 8,249.41
Restricted for:	
For Parks Board	78,959.04
Hotel/Motel Tax Fund	971,464.21
Encumbrances	139,651.14
Infrastructure Fund	119,715.41
Beach Erosion Fund	116,075.61
Committed:	
Equipment Replacement	25,000.00
General Reserve	250,000.00
Unassigned	3,850,204.91
<b>Total Fund Balances</b>	<b>5,559,319.73</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 5,681,307.24</b>

The Notes to the Financial Statements are an integral part of this statement.

**City of Jamaica Beach, Texas  
Reconciliation of Governmental Funds Balance Sheet  
to The Statement of Net Position  
September 30, 2019**

<b>Total Fund Balance - Governmental Funds</b>	<b>\$ 5,559,319.73</b>
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the statement of net position. The balance of capital assets, net of accumulated depreciation of \$1,692,869.58 was:	3,343,367.52
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Certain other assets are not available to pay current period expenditures and therefore deferred in the fund financial statements, but are reported in the governmental activities of the statement of net position.

Property Taxes Receivable, Net	14,747.56
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Some liabilities and deferred outflows of resources are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the statement of net position

Accrued Payroll and Related Liabilities, Net of Prior Year's Accrual	(27,047.14)
Compensated Absences	(33,353.00)
Capital Lease Liability	(33,543.47)

<b>Net Position of Governmental Activities</b>	<b>\$ 8,823,491.20</b>
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City of Jamaica Beach, Texas  
Statement of Revenues, Expenditures and Changes in  
Fund Balances - Governmental Funds  
For the Year Ended September 30, 2019

	<u>General Fund</u>
<b>REVENUES</b>	
Ad Valorem Taxes	\$ 768,080.11
Penalties and Interest	4,028.24
Franchise Fees	111,697.26
Sales Tax	105,443.32
Building Permits	25,173.00
Corporation Court	59,605.66
Interest Income	8,302.53
Hotel/Motel Occupancy Tax	410,428.23
Mixed Beverage Tax	4,498.91
Park User Fees	2,400.00
Swimming Pool User Fees	25,898.00
Multi Use Court Fees	27,685.10
LEA Fees	6,757.00
Prior Years' Taxes	7,527.85
Garbage Collection	172,934.11
Park Board Fund Raiser & Donations	6,005.76
Tax on Fines and Other Court Fees	74,499.57
Miscellaneous Donations	-
Other Revenue	135,480.30
<b>Total Revenues</b>	<u><b>1,956,444.95</b></u>
<b>EXPENDITURES</b>	
City Administrative Office	177,966.49
Tax Office	6,364.02
Roads, Beaches and Canals	79,113.86
Police Department	588,403.91
City Hall Building	44,811.44
Building Department	7,215.00
Corporation Court	34,023.65
Public Service Building EMS	1,261.93
Public Service Building VFD	1,261.93
Hotel/Motel Fund	48,762.33
Garbage Collection	170,688.92
Parks Board	6,947.02
Public Swimming Pool	102,834.74
Park Fund Expense	16,259.29
Hotel Motel Tourism Fund Pool Cost	-
OSSI Grant Expense	-
Other	297,864.20
<b>Total Expenditures</b>	<u><b>1,583,778.73</b></u>
<b>Excess of Revenues over Expenditures</b>	<b>372,666.22</b>
<b>FUND BALANCES, Beginning of Year</b>	<u><b>5,186,653.51</b></u>
<b>FUND BALANCES, End of Year</b>	<u><b>\$ 5,559,319.73</b></u>

The Notes to the Financial Statements are an integral part of this statement.

**Reconciliation of The Statement of Revenues,  
Expenditures, and Change in Fund Balances of  
Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2019**

<b>Net Change in Net Position - Total Governmental Funds</b>	<b>\$</b>	<b>372,666.22</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures because such outlays use current financial resources. In contrast, the statement of activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlay (\$107,278.42) exceeds depreciation (\$217,421.27) in the current period		(110,142.85)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		68,636.86
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Some expenses reported in the statement of activities that do not require the use of current financial resources and these are not reported as expenditures in Governmental Funds. These include the increases in compensated absences and payroll and related expenses.		(60,400.14)
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<b>Change in Net Position Governmental Activities</b>	<b>\$</b>	<b><u>270,760.09</u></b>
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City of Jamaica Beach, Texas  
Statement of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual  
General Fund  
Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts			Variance With Final Budget
	Original	Final	GAAP Basis	Reconciling Items	Budgetary Basis	
REVENUES						
Ad Valorem Taxes	\$ 761,768.00	\$ 761,768.00	\$ 768,080.11	\$ -	\$ 766,080.11	\$ 6,312.11
Ad Valorem Taxes- Prior Year	3,000.00	3,000.00	7,527.85	-	7,527.85	4,527.85
Penalties and Interest	4,000.00	4,000.00	4,028.24	-	4,028.24	28.24
Franchise Fees	105,000.00	105,000.00	111,697.26	-	111,697.26	6,697.26
Sales Tax	97,000.00	97,000.00	105,443.32	-	105,443.32	8,443.32
Building Permits	15,000.00	16,000.00	25,173.00	-	25,173.00	10,173.00
Corporation Court	40,000.00	40,000.00	59,605.66	-	59,605.66	19,605.66
Interest Income	4,100.00	4,100.00	8,302.53	-	8,302.53	4,202.53
Hotel/Motel Occupancy Tax	250,000.00	250,000.00	410,428.23	-	410,428.23	160,428.23
Mixed Beverage Tax	3,300.00	3,300.00	4,498.91	-	4,498.91	1,198.91
Park User Fees	2,000.00	2,000.00	2,400.00	-	2,400.00	400.00
Swimming Pool User Fees	20,000.00	20,000.00	25,898.00	-	25,898.00	5,898.00
Garbage Collection	-	-	172,934.11	-	172,934.11	172,934.11
Total Budgeted Revenue	1,305,168.00	1,305,168.00	1,708,017.22	-	1,706,017.22	400,849.22
EXPENDITURES						
City Administrative Office	195,025.00	195,025.00	177,966.49	-	177,966.49	17,058.51
Tax Office	8,000.00	8,000.00	6,364.02	-	6,364.02	1,635.98
Roads, Beaches and Canals	110,200.00	110,200.00	79,113.86	-	79,113.86	31,086.14
Police Department	631,065.00	631,065.00	588,403.91	-	588,403.91	42,661.09
City Hall Building	59,541.00	59,541.00	44,811.44	-	44,811.44	14,729.56
Building Department	10,000.00	10,000.00	7,215.00	-	7,215.00	2,785.00
Corporation Court	43,037.00	43,037.00	34,023.65	-	34,023.65	9,013.35
Public Service Building EMS	1,400.00	1,400.00	1,261.93	-	1,261.93	138.07
Public Service Building VFD	1,400.00	1,400.00	1,261.93	-	1,261.93	138.07
Hotel/Motel Fund	86,300.00	86,300.00	48,762.33	-	48,762.33	37,537.67
Garbage Collection	-	-	170,688.92	-	170,688.92	(170,688.92)
Parks Board	10,500.00	10,500.00	6,947.02	-	6,947.02	3,552.98
Public Swimming Pool	163,700.00	163,700.00	102,834.74	-	102,834.74	60,865.26
Total Budgeted Expenditures	1,320,168.00	1,320,168.00	1,269,655.24	-	1,269,655.24	50,512.76
Excess of Budgeted Revenues over Budgeted Expenditures	(15,000.00)	(15,000.00)	436,361.98	-	436,361.98	451,361.98
Non-Budgeted Revenue						
Park Board Fund Raiser & Donations	\$ -	\$ -	\$ 6,005.76	\$ -	\$ 6,005.76	\$ 6,005.76
Tax on Fines and Other Court Fees	-	-	74,499.57	-	74,499.57	74,499.57
Mull Use Court Fees	12,000.00	12,000.00	27,685.10	-	27,685.10	15,685.10
LEA Fees	3,000.00	3,000.00	6,757.00	-	6,757.00	3,757.00
Miscellaneous Donations	-	-	-	-	-	-
Other	-	-	135,480.30	-	135,480.30	135,480.30
Total Non-Budgeted Revenue	16,000.00	16,000.00	250,427.73	-	250,427.73	235,427.73
Non-Budgeted Expenditures						
Park Fund Expense	-	-	16,259.29	-	16,259.29	(16,259.29)
Hotel/Motel Tourism Fund Pool Cost	-	-	-	-	-	-
OSSI Grant Expense	-	-	-	-	-	-
Other	-	-	297,864.20	-	297,864.20	(297,864.20)
Total Non-Budgeted Expenditures	-	-	314,123.49	-	314,123.49	(314,123.49)
Excess of Non-Budgeted Expenditures over Revenue	16,000.00	16,000.00	(63,695.76)	-	(63,695.76)	(78,695.76)
Excess (Deficiency) of Revenues over Expenditures	-	-	372,666.22	-	372,666.22	372,666.22
Fund Balance, Beginning of Year			5,186,653.61		5,186,653.61	-
Fund Balance, End of Year	\$ -	\$ -	\$ 5,559,319.73	\$ -	\$ 5,559,319.73	\$ 372,666.22

The Notes to the Financial Statements are an integral part of this statement.

**City of Jamaica Beach, Texas**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2019**

	Municipal Services Fund
<b>ASSETS</b>	
Cash in Bank - Checking	\$ 2,703,080.34
Short Term Investments (CDs)	693,147.82
Accounts Receivable	169,092.49
Accrued Interest	1,293.88
Prepaid Expense	3,535.46
Land	35,763.00
Water Sewer Equipment	7,029,403.29
Depreciation Provision	(3,795,266.18)
<b>Total Assets</b>	<b>\$ 6,840,050.10</b>
<b>LIABILITIES</b>	
Accounts Payable	\$ 187,150.97
Due To Other Funds	265,830.74
Customer Security Deposits	160,650.00
<b>Total Liabilities</b>	<b>\$ 613,631.71</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	\$ 3,234,137.11
Restricted for Encumbrances	-
Unrestricted:	
Desingated for General Reserve	636,522.97
Undesignated	2,355,758.31
<b>Total Net Position</b>	<b>\$ 6,226,418.39</b>
The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the business activities of the statement of net position.	
<b>Total Net Position per Government-Wide Financial Statements</b>	<b>\$ 6,226,418.39</b>

The Notes to the Financial Statements are an integral part of this statement.

City of Jamaica Beach, Texas  
Statement of Revenue and Expenses  
and Changes in Net Position  
Proprietary Funds  
For the Year Ended September 30, 2019

	Water	Sewer	Total
Operating Revenue			
Fees for Services	\$ 568,240.83	\$ 558,475.27	\$ 1,126,716.10
Tap Fees	3,600.00	2,050.00	5,650.00
Late Payment Fees and Other	19,519.70	-	19,519.70
<b>Total Operating Revenue</b>	<b>591,360.53</b>	<b>560,525.27</b>	<b>1,151,885.80</b>
Operating Expenses			
Direct Costs			
Water	397,857.70	-	397,857.70
Permits, Dues and Fees	6,556.88	4,373.90	10,930.79
Repairs	37,348.83	36,858.33	74,207.96
Tap Expenses	540.50	-	540.50
Depreciation	26,010.48	137,511.04	163,521.52
Electrical	-	34,002.47	34,002.47
WWTP Expenses	-	66,227.22	66,227.22
Liftstation Maintenance & Repairs	-	35,653.30	35,653.30
Water Meter Expenses	11,397.37	-	11,397.37
Water Line Expenses	23,417.16	-	23,417.16
Disconnect - Reconnect Expense	-	-	-
<b>Total Direct Costs</b>	<b>502,929.73</b>	<b>314,626.26</b>	<b>817,555.99</b>
<b>Gross Operating Profit</b>	<b>\$ 88,430.80</b>	<b>\$ 245,899.01</b>	<b>334,329.81</b>
General and Administrative			
Salaries			143,272.76
Payroll Taxes			11,044.01
Retirement			14,849.51
Vacation			272.64
Contract Services			3,290.00
Professional Fees			-
Office and Other Supplies			2,259.30
Data Processing			19,273.56
Rent and Maintenance			2,476.98
Insurance			9,844.94
Insurance - Group			21,444.57
Audit			9,500.00
Utilities and Telephone Allocated			3,975.70
Miscellaneous			4,081.43
<b>Total General and Administrative Expense</b>			<b>245,586.40</b>
<b>Net Operating Profit</b>			<b>88,744.41</b>
Non-Operating Income and Expense			
Interest Income			4,655.58
Contributed Capital - Sewer Taps			-
Non-Budget Miscellaneous			2,213.51
Non-Budget Expense Reserve Fund			(32,300.00)
Non-Budget Expense			-
<b>Total Non-Operating Income and Expense</b>			<b>(25,430.91)</b>
<b>Changes in Net Position</b>			<b>63,313.50</b>
<b>Net Position, Beginning of Year</b>			<b>6,163,104.89</b>
<b>Net Position, End of Year</b>			<b>\$ 6,226,418.39</b>
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expenses) of certain internal service funds is reported with business activities.			-
Change in business-type activities in net position per government-wide financial statements.			<b>\$ 63,313.50</b>

The Notes to the Financial Statements are an integral part of this statement.

**City of Jamaica Beach, Texas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2019**

	Municipal Services
<b>OPERATING ACTIVITIES</b>	
Receipts from Customers and Users	\$ 1,151,885.80
Disbursed for Goods and Services	(654,034.47)
Disbursements for Personnel	(190,883.49)
Administrative Services	(47,350.29)
Accounts Payable (Trade)	54,103.04
Accounts Payable (VFD & EMS)	(159.25)
Customer Security Deposits	3,130.00
	<hr/>
<b>Net Cash Provided by Operating Activities</b>	316,691.34
	<hr/>
<b>NON CAPITAL FINANCING ACTIVITIES</b>	
Inter-Fund Transfers in Net	(1,932,263.18)
Non-Budget Items Net	(30,086.49)
	<hr/>
<b>Net Cash Provided by Non Capital Financing Activities</b>	(1,962,349.67)
	<hr/>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Payments for Capital Acquisitions	(22,235.95)
Contributed Capital	-
Addition to Short-Term Investments	(4,760.22)
	<hr/>
<b>Net Cash (Used in) Capital and Related Financing Activities</b>	(26,996.17)
	<hr/>
<b>INVESTING ACTIVITIES</b>	
Interest Income	4,655.58
	<hr/>
<b>Net Cash Provided by Investing Activities</b>	4,655.58
	<hr/>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(1,667,998.92)
	<hr/>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	4,371,079.26
	<hr/>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 2,703,080.34
	<hr/> <hr/>

**Supplemental Disclosures**  
**Interest Paid**

The Notes to the Financial Statements are an integral part of this statement.



**City of Jamaica Beach, Texas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2019**  
**(continued)**

	<u>Current Year End</u>	<u>Prior Year End</u>	<u>(Increase) Decrease</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating Income			\$ 63,313.50
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation			163,521.52
Accounts Receivable	\$ 169,092.49	\$ 176,120.35	7,027.86
Due From - To Other Funds	265,830.74	2,198,093.92	(1,932,263.18)
Accrued Interest Receivable	1,293.88	1,600.12	306.24
Prepaid Insurance	3,535.46	3,552.98	17.52
Accounts Payable Trade	156,609.15	102,506.11	54,103.04
Accounts Payable Jamaica Beach Volunteer Fire Department and Emergency Medical Service	30,541.82	30,701.07	(159.25)
Customer Security Deposits	160,650.00	157,520.00	3,130.00
<b>Net Cash Provided by Operating Activities</b>			<u>(1,641,002.75)</u>
<b>INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Decrease (Increase) Short-Term Investments			(4,760.22)
Purchase of Fixed Assets			<u>(22,235.95)</u>
<b>Net Decrease (Increase) Investing, and Financing Activities</b>			<u>(26,996.17)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>			<u>\$ (1,667,998.92)</u>

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF JAMAICA BEACH, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies**

The City of Jamaica Beach, Texas, was incorporated in 1975 under the laws of the State of Texas and currently has a population of approximately 1,300 permanent residents. The City is a resort community with approximately one half of the homes being used as second homes. The City is organized as a "general-law" city, with a mayor and council form of government, with the mayor and five aldermen elected at large. The government provides the following services: public safety, streets, sanitation, public improvements, planning and zoning, general administrative services and utility service.

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The City of Jamaica Beach for the year ending September 30, 2004 and subsequent years implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Government*. GASB Statement No. 34 along with accounting principles generally accepted in the United States of America requires the capitalization of certain general infrastructure assets in governmental activities along with the appropriate depreciation being recorded as an expense. Management has done a cursory review of infrastructure assets and determined many major assets such as streets and drainage improvements were completed in the late 1970's and early 1980's. Infrastructure improvements during the last 15 years have been researched and appropriate capitalization and depreciation have been recorded. Repairs were performed on various streets and roads, which are properly expensed in the entity-wide and fund financial statements. The valuation of land under the streets is estimated to be \$76,500 when donated in 1975 to the City.

**Government-wide and Fund Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City generated revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

**CITY OF JAMAICA BEACH, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**Government-wide Financial Statements - Continued**

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with the distinct functional activity. Program revenues include: (1) charges for services, which report fees, fines and forfeitures and other charges to users of the City's services; (2) operating grants and contributions, which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

**Measurement Focus**

*Government-wide Measurement Focus*

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification or elimination of internal activities. Proprietary, or business-type funds also report using the same focus basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

*Governmental Fund Measurement Focus*

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognizable when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

**CITY OF JAMAICA BEACH, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**Measurement Focus - Continued**

*Allocation of Indirect Expenses*

The City allocates indirect expenses primarily comprised of central governmental services to operating functions and programs benefiting from such services. Central services include overall City management, centralized budgetary formulation and oversight, accounting, financial reporting, payroll, procurement contracting and oversight, investing and cash management, personnel services, and other central administrative services. Allocations are charged to programs based on use of central services determined mostly by employee time expended. These amounts are charged directly to the program or area benefiting from such services. These functions or programs include police, fire, and certain divisions within public services and parks.

**Fund Financial Statements**

- a. **Fund Accounting** - The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The various funds are grouped, in financial statements in this report, in the fund types and account groups listed below:

**Governmental Fund Types**

**General Fund** - The general fund is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.

**Interest and Sinking Fund** - The interest and sinking fund is used to account for accumulation of resources for, and the payment of general long-term debt principal and interest as required by the terms of the bond issue.

**Proprietary Fund**

The Municipal Services Fund is an enterprise fund used to account for operations of the municipal utilities, comprising water and sewer operations of the City. The Municipal Services Fund is financed and operated in a manner similar to private business enterprises. The intent of the governing body is that costs (expenses including depreciation) of providing goods and/or services to the general public on a continuing basis be financed or recovered through user charges.

**CITY OF JAMAICA BEACH, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**Fund Financial Statements - Continued**

**Fiduciary Funds (Trust and Agency Funds)**

The City has no trust and agency funds.

**Account Groups**

**General Fixed Assets** - Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets such as roads, bridges, streets, and drainage systems are not capitalized.

**General Long-Term Debt** - Long-term liabilities expected to be financed from governmental funds are accounted for in the general long-term debt account group. At present, the fund is inactive as there are no general obligation bonds outstanding.

**b. Fixed Assets** - General fixed assets are recorded as expenditures in the governmental type fund in which they are purchased. Such assets with costs of \$500 or more are capitalized in the General Fixed Assets account group. Contributions of fixed assets are recorded in the General Fixed Assets account group at market value where such value can be reasonably ascertained.

Assets purchased for the Municipal Services Fund are recorded as expenditures in the governmental fund purchasing such assets. The Municipal Services Fund capitalizes such assets at cost with an offsetting entry to contributed capital.

Accumulated depreciation is recorded in the General Fixed Assets account group using the straight-line method over the following useful lives:

Buildings	25-39 Years
Machinery and Equipment	5-10 Years
Transportation Equipment	3 Years
Streets and Bulkheads	15 Years

**CITY OF JAMAICA BEACH, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**Fund Financial Statements - Continued**

**b. Fixed Assets (Cont.)**

Depreciation is provided on all exhaustible fixed assets used by the Municipal Services Fund over estimated useful lives using the straight-line method as follows:

Buildings	25 Years
Water Lines	30-50 Years
Sewer System	10-30 Years
Machinery and Equipment	5-10 Years

**c. Basis of Accounting** - All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when the revenue becomes measurable and available as current assets. Revenue that has been accrued is interest. Expenditures are recognized when incurred. Exceptions to the general rule include:

The proprietary fund is accounted for using the accrual basis of accounting as promulgated by the Financial Accounting Standards Board (FASB) pronouncements. Revenue is recognized when earned, and expenses are recognized when incurred. Unbilled water and sewer fund revenues are not recorded because such amounts are not material.

**d. Budget and Budgetary Accounting** - The City uses a fiscal year for accounting beginning October 1 and ending September 30. The City follows these procedures in establishing the budgetary data reflected in the financial statements. Prior to October 1, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them. A public hearing is conducted to obtain taxpayers' comments. Prior to October 1, the budget is legally enacted by the City Council. Any unencumbered appropriations lapse at fiscal year-end and may not be carried over to the following year.

Any revisions that alter the budgets must be approved by the City Council. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are presented as originally adopted and as amended by the City Council during the course of the year.

**CITY OF JAMAICA BEACH, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Fund Financial Statements - Continued**

e. **Encumbrances** - The City does not utilize an encumbrance accounting system during the year. At year-end, the City reviews its commitments to determine amounts to be encumbered. At September 30, 2019, \$139,651.14 has been shown as reserve for encumbrances in the general fund. The amount of \$386,522.97 is encumbered in the Municipal Services Fund at September 30, 2019.

f. **Management Uses of Estimates and Assumptions** - Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

g. **Cash and Cash Equivalents** - Cash and cash equivalents include cash on hand, cash in banks, and all highly liquid investments with a maturity of three months or less at the time of purchase.

h. **Compensated Absences** - The City does not accrue compensated absences for the fund financial statements as Management is of the opinion that the amount would not be material. However, the amount is accrued for the entity wide financial statements.

i. **Fund Balances and Net Position** - The government fund financial statements of the City will present fund balances based on classifications including a hierarchy that is based primarily on the extent to which the City is bound to honor restrictions on the specific purposes for which amounts in a particular governmental fund can be spent. The five classifications used in the governmental fund financial statements will be as follows:

**Non-spendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. These amounts would include inventories and prepaid items as being non-spendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year. The non-spendable fund balance at September 30, 2019 was \$8,249.41.

**CITY OF JAMAICA BEACH, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Fund Financial Statements - Continued**

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. These guidelines are used for restricted net positions.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal resolution of the City Council, which has the highest level of decision-making authority. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or the City manager, pursuant to the City's fund balance policy.

Unassigned: This classification includes the residual fund balance for the General Fund. The general fund should be the only fund that reports a positive unassigned fund balance.

**J. Deferred Inflows of Resources** – In addition to liabilities, the Statement of Net Position and/or the Governmental Funds Balance Sheet will possibly report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that time. The City currently has one item which arise under the modified accrual basis of accounting that qualify for reporting in this category. Accordingly, unavailable property taxes are reported in the Governmental Funds Balance Sheet. The governmental funds will recognize unavailable property taxes as inflows of resources in the period in which the amounts become available. At September 30, 2019, the balance of unavailable property taxes was \$14,747.56.



**CITY OF JAMAICA BEACH, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

**2. Accounts Receivable**

**a. Operating Fund**

**Property Taxes** - The City is permitted by the State of Texas' Constitution to levy property taxes. For the budget year October 1, 2018 through September 30, 2019, the City levied a tax rate of \$.197135 per \$100.00 of assessed value which generated \$768,080.11 for the General Fund. The levy date for this year was September 17, 2018. No assessment was made for the interest and sinking fund as the bonds were retired in prior years.

Accounts Receivable - Taxes 2019	\$ 5,363.95
Taxes 2018 and Prior	<u>9,383.61</u>
<b>Total</b>	<b>\$ <u>14,747.56</u></b>

Uncollected taxes due at September 30, 2019 have been recorded as deferred revenue in the Fund Financial Statements. It has been determined the amounts are measurable but not available for current operations. For the entity-wide financial statements these receivables are considered revenue.

**Other Accounts Receivable** – Other accounts receivable are as follows:

FEMA	\$ <u>104,241.00</u>
<b>Total Other Accounts Receivable</b>	<b>\$ <u>104,241.00</u></b>

**b. Municipal Services** - An analysis of accounts receivable for water, sewer and garbage is as follows:

Accounts Receivable - Current	\$ 127,963.67
Past Due	<u>41,128.82</u>
<b>Total</b>	<b>\$ <u>169,092.49</u></b>

Contributions to the Jamaica Beach Volunteer Fire Department and Jamaica Beach Emergency Medical Service can be made by inclusion of such amounts in the amount paid for municipal services. At September 30, 2019, \$5,863.86 was included in the above receivable.

**CITY OF JAMAICA BEACH, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENT**

**3. Due from (To) Other Funds** - Following is an analysis of balances between funds at September 30, 2019.

**General Fund**

From Municipal Services Fund for inter fund expenses not settled as of September 30, 2019	\$199,114.02
From Municipal Services Fund for garbage fees collected in the Municipal Services Fund not remitted as of September 30, 2019	<u>66,716.72</u>
Total General Fund	<u><u>\$265,830.74</u></u>

**Municipal Services Fund**

To General Fund (See Above)	<u><u>(\$265,830.74)</u></u>
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**4. Changes in Fixed Assets** - Following are the changes in fixed assets for the year ended September 30, 2019.

**a. General Fixed Assets**

Item	Balance October 1 2018	Additions	Reductions	Balance September 30, 2019
Land	\$ 169,957.57	\$ -	\$ -	\$ 169,957.57
Building	762,461.11	14,880.00	-	777,341.11
Equipment & Furnishings	59,984.11	716.46	-	60,700.57
Police Equipment	345,979.09	52,181.96	(19,895.00)	378,266.05
Park Land	18,002.56	-	-	18,002.56
Park Improvements	1,294,781.05	39,500.00	-	1,334,281.05
Infrastructure Land	76,500.00	-	-	76,500.00
Drainage and Roads	2,088,956.91	-	-	2,088,956.91
Lighting	7,230.00	-	-	7,230.00
Infrastructure Bulkheads	125,001.28	-	-	125,001.28
<b>Totals</b>	<u><u>\$ 4,948,853.68</u></u>	<u><u>\$ 107,278.42</u></u>	<u><u>\$ (19,895.00)</u></u>	<u><u>\$ 5,036,237.10</u></u>

Depreciation provided on the above General Fixed Assets and Infrastructure amounts to \$1,692,869.58, leaving a net book value for depreciable assets of \$3,078,907.39.

The General Fund expended \$52,838.54 for street, drainage and beach maintenance for the year ended September 30, 2019. The City capitalized none of these expenditures.

**CITY OF JAMAICA BEACH, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENT**

**b. Municipal Services**

<b>Item</b>	<b>Balance October 1 2018</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance September 30, 2019</b>
Land	\$ 35,763.00	\$ -	\$ -	\$ 35,763.00
Sewer System and Equipment	5,984,719.20	22,235.95	-	6,006,955.15
Water System and Equipment	1,022,448.14	-	-	1,022,448.14
<b>Totals</b>	<b>\$ 7,042,930.34</b>	<b>\$ 22,235.95</b>	<b>\$ -</b>	<b>\$ 7,065,166.29</b>

The Municipal Services Fund provided water to approximately 1,295 connections and sewer service to approximately 1,240 connections at September 30, 2019.

Depreciation provided for the current year and charged against current operation amounted to \$163,521.52. Total depreciation provided from acquisition of assets amounts to \$3,795,266.18, leaving a net book value for Municipal Services depreciable assets of \$3,234,137.11.

**5. Deferred Income** – Deferred income is composed of the following:

Uncollected Taxes	<u>\$14,747.56</u>
<b>Total Deferred Income</b>	<b><u>\$14,747.56</u></b>

**CITY OF JAMAICA BEACH, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENT**

**6. Schedule of Pledged Securities for Cash Deposits**

**a. Texas Frist Bank**

The City of Jamaica Beach has a depository contract with Texas First Bank, Texas City, Texas. On September 30, 2019, the City had deposits of \$8,675,693.77. Following is a listing of securities in the total market value of \$9,456,175 in safekeeping, pledged as security for these funds.

ID	Cusip #	Par Value	Book Value	Market Value	Maturity Date
993	265138HU4	2,000,000	2,063,001	2,124,241	2/15/2026
1181	770043KSS	490,000	500,970	503,075	8/15/2021
1182	770043KT3	505,000	526,180	532,579	8/15/2022
1209	770043HV2	375,000	377,084	375,031	8/15/2027
1330	303343BG1	500,000	509,561	518,577	2/1/2027
1331	303343BH9	515,000	522,075	531,912	2/1/2028
1333	303343BE6	480,000	489,514	493,408	2/1/2025
1334	303343BF3	490,000	502,079	508,420	2/1/2026
1649	3128MMWZ2	3,788,428	3,872,855	3,868,932	10/1/1932
<b>TOTALS</b>		<b>9,143,428</b>	<b>9,363,320</b>	<b>9,456,175</b>	

**7. Litigation** - Management and legal counsel are aware of no pending or threatened litigation involving the City of Jamaica Beach. Management and legal counsel are of the opinion there will be little or no liability incurred by the City.

**8. Retirement Plan** - The City of Jamaica Beach established a 414(d) governmental profit-sharing plan under the internal revenue code of 1986, including any later amendments to the code on October 1, 1992 and was restated effective October 1, 2013. The retirement plan is titled, the City of Jamaica Beach – Profit Sharing Plan. The plan is through the Principal Financial Group and is a defined contribution plan. The City of Jamaica Beach is the Plan Administrator and establishes the level of contribution on behalf of all active participants. The City of Jamaica Beach based the annual contribution for each employee at 10% of each participant's annual salary. At September 30, 2019, the City's annual contribution to the plan was \$59,854.42. A pension liability was set up for this amount at year-end and was fully funded after the close of the year. As described below, each plan participant vests into the plan at annual rate of 20%. After five or more years, the plan participant is fully vested. Employees who are not fully vested and leave employment earlier than five years, forfeit those contributions made on their behalf. The total amount forfeited during the year was \$1,841.26. The forfeited contributions may be used to pay for plan expenses if desired by the City or reallocated amongst the remaining active participants. The table below illustrates the vesting period for each employee.

**CITY OF JAMAICA BEACH, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENT**

**8. Retirement Plan - Continued**

<u>Term of Employment</u>	<u>Percent Vested</u>
Less than 1 year	0%
1 Year	20%
2 Years	40%
3 Years	60%
4 Years	80%
5 or More	100%

**9. Short-Term Investments** - Short-term investments are represented by the following certificates of deposit at Texas First Bank. The certificates of deposit are subjected to automatic renewal.

**a. General Operating Fund**

<u>Certificate #</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Interest Paid To</u>	<u>Balance</u>
30021364	3/18/2019	0.50%	9/17/2019	\$ 198,755.97
30021968	8/20/2019	0.80%	8/19/2019	330,547.83
30021976	8/20/2019	0.80%	8/19/2019	372,948.28
30021885	5/12/2019	0.50%	8/12/2019	370,354.01
30021893	5/12/2019	0.50%	8/12/2019	219,271.81
<b>Total General Fund</b>				<b>\$ 1,491,877.90</b>

**b. Municipal Services Fund**

**Regular**

30021950	8/20/2019	0.80%	8/19/2019	\$ 331,084.57
30022115	8/25/2019	0.80%	8/19/2019	362,063.25
<b>Total Municipal Services</b>				<b>\$ 693,147.82</b>

**10. Tropical Storm Contingency** - The City of Jamaica Beach is subject to periodic flooding from tropical storms that may enter the area. The City has established a contingency reserve to assist in the cleanup as may be required. Such cleanup costs as incurred are generally reimbursed by the Federal Emergency Management Association (FEMA). On September 13, 2008, the City was struck by Hurricane Ike causing substantial damage to the area. Work was substantially completed for claims for Hurricane Ike in the fiscal year ended September 30, 2012. Some minor items are still pending.

**CITY OF JAMAICA BEACH, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENT**

**11. Capital Lease**

The City entered into a lease purchase agreement with Municipal Asset Management Inc. to purchase three police vehicles in October 2017. The terms and conditions of the lease agreement which include a lease-term of 5 years (greater than 75% of the assets useful life) and a purchase price of \$0 at the end of the lease, qualified the lease as a capital lease agreement. The total cost of the vehicles including upfitting cost for emergency equipment was \$101,551.54. An initial payment of \$39,202.22 was made to cover the down payment of \$27,000 and first lease payment of \$12,202.22. An additional \$18,573.54 was paid to Texas Select Upfitters, LLC to install emergency equipment in the vehicles. The balance on the lease agreement as of September 30, 2019 was \$33,543.47.

**12. Interest included as Direct Expense**

Interest expense of \$1,969.91 from the purchase lease agreement above was included in the direct expense of the Police Department on the government-wide statement of activities at September 30, 2019.

**13. Vacation Accrual**

Employees of the City are entitled to paid vacation and paid sick days depending on length of service. Employees are allowed to accumulate vacation leave at a rate of 10 days for the first year, 15 days at 10 years of service and 20 days at 20 years of service and, upon separation, are paid out of any unused vacation pay at the current pay rate. Accordingly, the following liabilities are recorded as of September 30, 2019:

	<u><b>Vacation Accrued</b></u>
City Administration	\$ 3,434.77
Municipal Service	4,810.06
Court	147.63
Police	24,192.08
Hotel/Motel	<u>768.46</u>
<b>Total Accrued Vacation</b>	<b><u>\$ 33,353.00</u></b>

**14. Subsequent Events**

Management has evaluated subsequent events through February 28, 2020, the date the financial statements were available to be issued.